



Director of  
Central  
Intelligence

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# National Intelligence Daily

*Saturday*  
*24 March 1979*

State Dept. review completed

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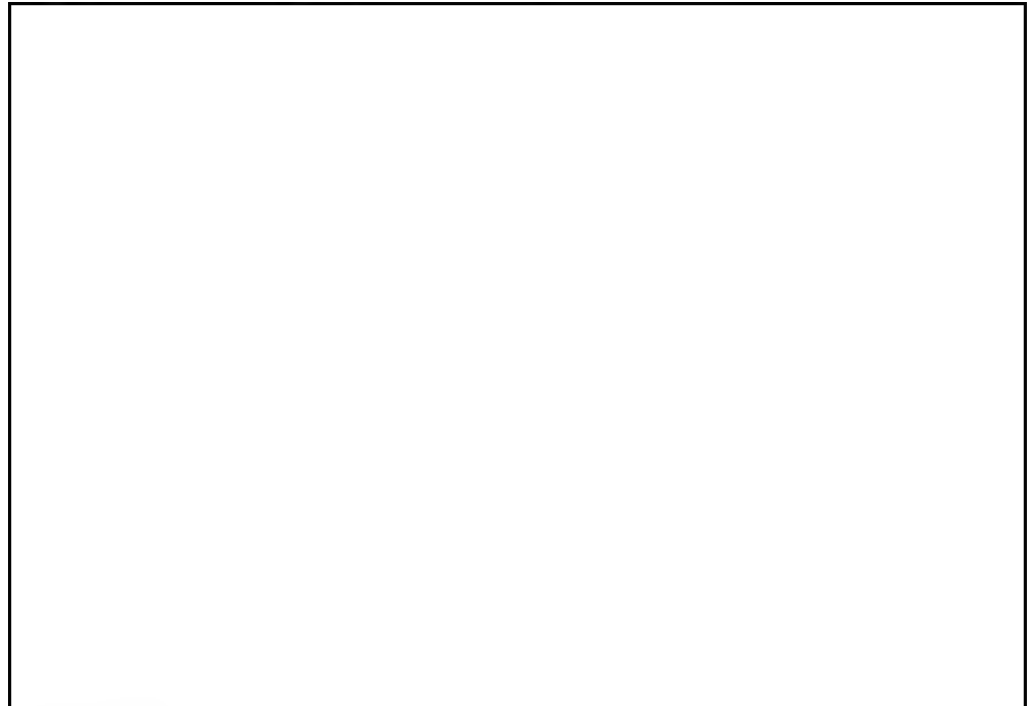
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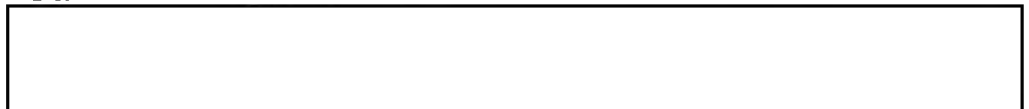
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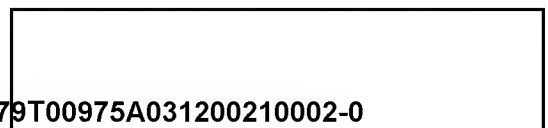
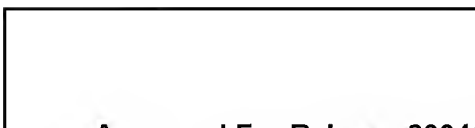


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The Overnight Reports, printed on yellow paper as the final section of the *Daily*, will often contain materials that update the Situation Reports and Briefs and Comments.

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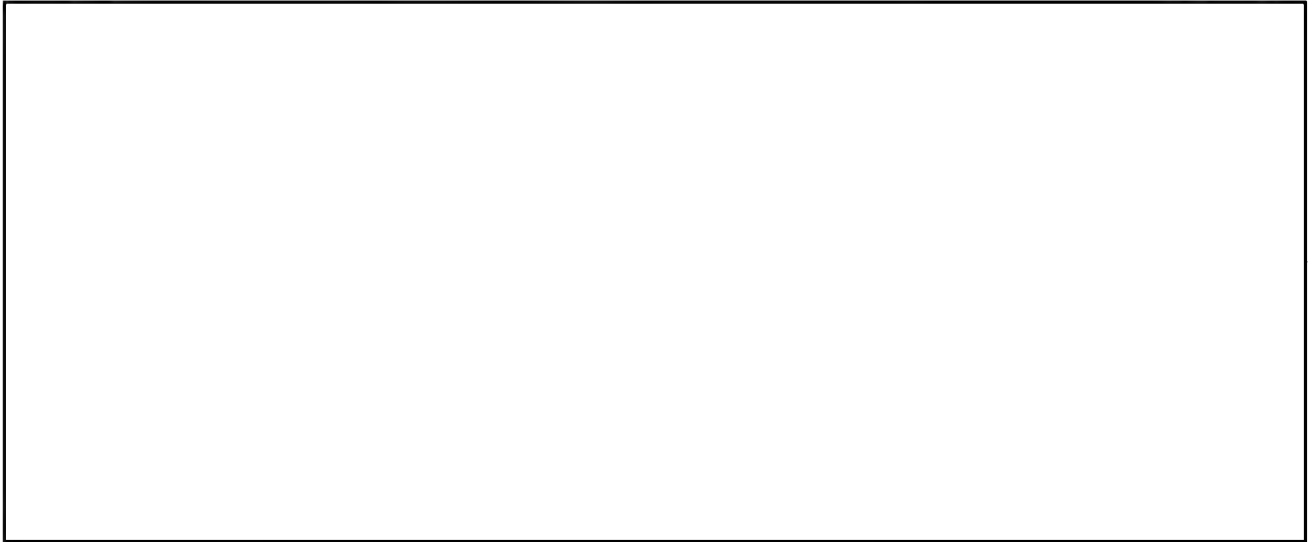
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PAKISTAN: Election Set

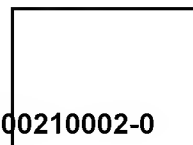
President Zia-ul-Haq's announcement yesterday that a national election will be held on 17 November is probably designed, in part at least, to draw attention away from the execution of former Prime Minister Bhutto

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Before the election, Zia is expected to insist on amendments to the 1973 constitution that will strengthen the power of the president in relation to that of the prime minister. Zia may also want to provide for a permanent constitutional role for the military in Pakistani politics.

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SPECIAL ANALYSES

OPEC: Price Positions

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*The Organization of Petroleum Exporting Countries is certain to agree at its special ministerial meeting in Geneva on Monday to charge higher prices for crude oil in the second quarter than called for under the price formula it adopted in December.*

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*charges in the second quarter could range from about \$1.20 per barrel--the amount Kuwait and Iraq have imposed on first-quarter purchases and Venezuela has already announced it will apply to second-quarter sales--to \$3.70 per barrel, which Algeria now has under consideration. If OPEC decides formally to adopt a new pricing structure, it would have to convert its meeting from a consultative to an extraordinary conference, which requires only the approval of a simple majority.*

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*A surcharge of \$1.20 per barrel on top of the previously scheduled increases would bring the second quarter price of OPEC benchmark crude to \$15.04 per barrel--18.4 percent above last year's price. The scheduled price increases alone--5 percent in first quarter 1979 and 3.8 percent in the second quarter--would have brought the benchmark price 9 percent above the price at the end of 1978.*

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Consideration of prices beyond the second quarter is likely to be put off until the cartel's next regularly scheduled meeting in June.

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The Saudi Position

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The Saudis have made no specific commitments concerning their role in the meeting on Monday. On the eve of Oil Minister Yamani's departure for Geneva, he told the US Ambassador that the Saudis would continue to push for price moderation, but he emphasized the strong pressures the Saudis would face from price hawks. Yamani has indicated that, given current market conditions, the Saudis--at a minimum--will have to agree to charge fourth-quarter 1979 prices in the second quarter. This would result in a price for benchmark crude 14.5 percent above the 1978 price.

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Iran

An official of the National Iranian Oil Company recently said that the Iranian delegation to the Geneva meeting does not have a fixed idea of what the future price of oil should be. He said the Iranians would make up their minds after hearing the opinion of the cartel's other members.

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Iran has concluded crude export deals for the second quarter with a number of oil companies. The price, however, has been left open, with the understanding that it will be linked to whatever price decision is made at the meeting on Monday. Iranian officials have indicated

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that, while they will not insist on spot prices for long-term contracts, they would regard the official OPEC price as a floor and reserve the option to charge more if the market warrants. [REDACTED]

Other Members

The strongest pressure for higher oil prices is likely to come from the major African producers--Nigeria, Libya, and Algeria. These states might insist on applying their own surcharges during the second quarter regardless of what OPEC decides. [REDACTED]

Venezuela has already announced that it will charge a \$1.20-per-barrel premium on top of the previously scheduled second-quarter increase--a move probably designed to prompt other OPEC members to follow suit. The Indonesian Energy Minister reportedly said recently that regardless of what is decided at Geneva, Indonesia will increase its second quarter price by 10 percent rather than the 3.8 percent originally planned. The United Arab Emirates and Qatar are likely to push for continuation of a surcharge. [REDACTED]

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OVERNIGHT REPORTS

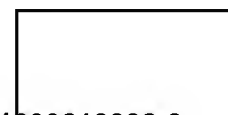
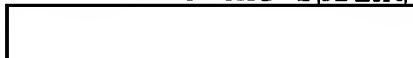
(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

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Hungary - USSR

Contacts of the US Embassy in Budapest tend to confirm earlier reporting that economic matters were the prime topic of conversation during Janos Kadar's recent trip to Moscow. The Hungarians reportedly asked for long-term commitments of raw material deliveries, while the Soviets pressed for CEMA integration and increased Hungarian investment in CEMA projects. According to the Embassy, any significant personnel changes in the Hungarian cabinet and the Politburo stemming from the country's mediocre economic performance last year will be announced at the spring plenum of the Central Committee.



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